

Message Text

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FM AMEMBASSY DUBLIN

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C O N F I D E N T I A L DUBLIN 1692

FOR ASST. SECY. STOESEL FROM AMBASSADOR

E.O. 11652: GDS

TAGS: EI, PFOR, ECON

SUBJ: QUARTERLY TRENDS REPORT

1. IN RESPONSE TO YOUR LETTER OF DECEMBER 4, THERE HAVE BEEN NO SIGNIFICANT BILATERAL ISSUES BETWEEN THE UNITED STATES AND IRELAND SINCE SETTLEMENT OF THE CIVIL AVIATION DISPUTE LAST JUNE. CURRENTLY U.S. CURRENT INTERESTS IN IRELAND ARE PRINCIPALLY CONCERNED WITH THE IRISH POSTURE VIS-A-VIS US/EC POLITICAL RELATIONS. ON THE US/EC DIALOGUE, THE IRISH TEND TO ARRIVE AT POSITIONS SIMILAR TO THE FRENCH. INFLUENCING IRELAND IN THIS DIRECTION ARE A NUMBER OF FACTORS INCLUDING THE NATURAL REACTION OF AN INSULAR COUNTRY WHICH FEELS INSECURE IN THE COMPLEX NEW WORLD IT HAS JOINED, PLUS A CERTAIN FRANCOPHILISM WHICH IS A FREQUENT PHENOMENON IN IRISH HISTORY. IN ADDITION, THE IRISH HAVE SPECIFIC POLITICAL CONCERNS THAT SEEM WEEL ACCOMODATED IN THE SHORT-TERM BY FRENCH POSITIONS:

A) MOST IMPORTANT IS STRONG PUBLIC SUPPORT FOR MAINTAINING IRELAND'S TRADITIONAL NEUTRALITY. BY INSISTING ON A SEPARATE US/EC DECLARATION, AND BY OPPOSING LINKAGE TO THE NATO DECLARATION, THE IRISH ARE SEEKING TO AVOID PUBLIC WORRY ABOUT SECURITY OBLIGATIONS.

B) A PRONOUNCED IRISH REPUGNANCE FOR THE REGIMES IN PORTUGAL, SPAIN AND GREECE WEIGHS HEAVILY AGAINST
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IRISH PARTICIPATION IN AN "ATLANTIC" EXERCISE.

C) THE IRISH ARE UNCERTAIN WHAT PATTERN OF EUROPEAN POLITICAL EVOLUTION WOULD BEST PROTECT THEIR FRAGILE IDENTITY. ALTHOUGH THE GOVERNMENT HAS PUBLICLY SUPPORTED DIRECT ELECTIONS TO A EUROPEAN PARLIAMENT, THE PUBLIC WOULD PREFER TO DELAY ANY DIMINUTION OF A SOVEREIGNTY THEY BELIEVE HAS YET TO BE FULLY REALIZED. IN THE FACE OF THIS, GOVERNMENT THINKERS DO NOT WANT TO REJECT THE CONCEPT OF A "EUROPE DES PATRIES," BUT PREFER TO AVOID MAKING ANY DECISION.

2. IN TALKS WITH THE IRISH WE HAVE TRIED TO POINT OUT THE CONSEQUENCES OF AN ADVERSARY RELATIONSHIP BETWEEN AMERICA AND THE EC, THAT BY LENDING THEMSELVES TO SUCH A RELATIONSHIP THE IRISH ARE INCREASING -- NOT DIMINISHING -- CHANCES THAT THEY WILL HAVE TO CONTRIBUTE TO THEIR OWN DEFENSE. WE HAVE SUGGESTED THAT THE FRENCH MODEL OF EUROPE WILL NOT SERVE IRELAND'S INTERESTS IN THE LONG RUN. RECENTLY DEPUTY FONMIN SECRETARY KEATING TOLD US HE SEES NO BASIC OBJECTION TO A "TWO-PILLAR" ATLANTIC COMMUNITY, AND WE HOPE TO CONVINCE THEM THAT THE CONSEQUENCES OF ANY ALTERNATIVE ARE UNACCEPTABLE TO THEM.

3. IN GENERAL, ATTITUDES WE ENCOUNTER AT SENIOR FONOFF AND POLITICAL LEVELS MAKE IT EVIDENT THAT WE HAVE A MAJOR EDUCATIONAL PROJECT ON OUR HANDS, AND WE WILL BE CONCENTRATING MUCH EFFORT ON THIS IN 1974.

4. IRISH POSTURES ON THE ECONOMIC SIDE OF US/EC RELATIONS ALSO CONCERN US HERE. IRISH CONCERNS ARE COMPLEX AND CONTRADICTORY. IN THE EC, IRELAND FINDS ITSELF A NATURAL PARTNER OF FRANCE IN SUPPORT OF THE CAP, A MATTER OF PRIMARY INTEREST TO IRELAND. THIS IS A POSITION WHICH FREQUENTLY RUNS COUNTER TO U.S. INTERESTS. ON THE OTHER HAND, ENTRY INTO THE EC HAS STIMULATED A RESURGENCE IN ECONOMIC GROWTH AND AN INFLUX OF FOREIGN INVESTMENT, PARTICULARLY AMERICAN. ALTHOUGH IRELAND'S OLDER INDUSTRIES ARE HIGHLY PROTECTIONIST, ITS NEW, HIGH TECHNOLOGY MANUFACTURERS MUST HAVE LOW IMPORT AND EXPORT BARRIERS TO PRODUCE AND EXPORT. THE RESULT IS THAT, IN ITS EC

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ECONOMIC RELATIONSHIPS, IRELAND IS PRAGMATIC, DOGGEDLY PURSUING THE INTERESTS IT PERCEIVES AS VITAL, AND READY TO BARGAIN ITS VOTE ON ISSUES OF MARGINAL CONCERN. IN OUR EFFORTS TO MODIFY THE EFFECTS OF THE CAP ON OUR AGRICULTURAL EXPORTS, WE MAY EXPECT TO RUN INTO STIFF IRISH RESISTANCE. HOWEVER, WE CAN CONTINUE TO ENLIST IRISH SUPPORT IN EC COUNCILS ON SUCH ISSUES AS MEDITERRANEAN AND INDUSTRIAL POLICY AND CERTAIN ASPECTS

OF TRADE POLICY.

5. IRELAND AND THE ENRGY CRISIS: EVEN WITHOUT AN OIL SHORTAGE, IRISH ATTITUDES WOULD BE UNSYMPATHETIC TOWARDS ISRAEL IN THE PRESENT CONFLICT, AND THERE IS A TENDENCY TO BLAME THE U.S. FOR NOT HAVING BROUGHT GREATER PRESSURE ON ISRAEL WOT WITHDRAW FROM THE OCCUPIED TERRITORIES DURING THE PERIOD SINCE 1967. NOW IRELAND'S NEW-FOUND PROSPERITY IS GRAVELY THREATENED BY THIS CRISIS AS A RESULT OF WHICH ITS SUPPLY OF ENERGY WILL FALL 30 PERCENT SHORT OF DEMAND THIS COMING YEAR. THIS THREAT IS FURTHER COMPOUNDED BY ECONOMIC CUTBAKCS IN BRITAIN, WHICH IS IRELAND'S BIGGEST CUSTOMER AND OUTLET FOR SURPLUS LABOR, AND ALSO BY OTHER POSSIBLE DOWNSIDE FACTORS AFFECTING TOURISM AND OTHER VITAL ASPECTS OF THE ECONOMY. THESE COMPLICATIONS WILL GIVE ADDED MOTIVATION TO IRELAND'S PRO-ARAB ORIENTA-TION, WHICH, BARRING A MIDDLE EAST SETTLEMENT AND SOME RELAXATION IN OIL SUPPLIES, WE WILL FIND INCREASINGLY DIFFICULT TO COUNTER OVER THE NEXT FEW MONTHS.

6. NORTHERN IRELAND: MODERATES ON ALL SIDES AGREE THAT THE COMPREHENSIVE POLITICAL PACKAGE RECENTLY WORKED OUT BETWEEN LONDON, DUBLIN AND BELFAST PROVIDES A MAP FOR ESCAPE FROM THE TROUBLES. WHETHER THIS AGREEMENT WILL SURVIVE CATHOLIC AND PROTESTANT EXTREMISTS IS THE QUESTION THAT WILL NOW BE ANSWERED. WE THINK THERE IS A FAIR CHANCE THAT IT WILL WORK OVER THE LONG-TERM, WITH SOME SHORT-TERM REVERSES THAT NEED NOT CAUSE SIGNIFICANT PROBLEM FOR U.S. POLICY. IN THE MEANTIME, WE SHOULD CONTINUE TO DO OUR BEST TO DIMINISH THE FLOW OF U.S. MONEY AND ARMS TO THE EXTREMISTS. MOORE

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